

SECRET

21 May 1965

MEMORANDUM FOR THE RECORD

SUBJECT: PAR-214, "Reversal Processor"

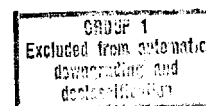
I am in receipt of a letter from [] in which they are requesting an overrun authorization of [] on this PAR. In their letter they claim that the bulk of this overrun resulted from an underestimate of shop time required for fabrication and assembly and that on the basis of their previous estimated shop cost [] (which I cannot confirm, not having these figures) that this represents an increase of 5.7%.

This is the second overrun on this item. We previously approved an increase of [] under date of 8 March 1965. The significant facts are that the initial estimated cost for this item was [] and including this latest overrun is now [] or a total increase of [] which is better than 150% of the original estimate. This item is over 90% complete and is scheduled for delivery early in August; this leaves us with no logical alternative but to approve the overrun but, I surely intend to express my displeasure to [] regarding the great discrepancy in estimated costs.

Development Branch, P&DS

Declass Review by NGA.

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Approved For Release 2005/06/06 : CIA-RDP78B04770A002400050024-6

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